



# CITY OF SAN ANTONIO

P. O. BOX 839966  
SAN ANTONIO TEXAS 78283-3966

Mark Swann  
Interim City Auditor  
San Antonio, Texas

RE: Management's Corrective Action Plan for the Audit of the San Antonio Metropolitan Health District – Cash Handling and Revenue Controls

City Management and the San Antonio Metropolitan Health District (SAMHD) have reviewed the audit report for the District's cash handling and revenue controls and herein is a Corrective Action Plan for the recommendations. Having an objective review of this business unit has resulted in better information for Management to develop operating strategies for the future that will improve overall cash handling activities for the City. SAMHD is committed to promoting health and preventing disease while maintaining the highest standards of ethics and care.

Recommendation					
#	Description	Audit Report Page	Accept, Partially Accept, Decline	Responsible Person's Name/Title	Completion Date
<b>Detailed Report</b>					
1.	<b>Various non-cash assets are improperly safeguarded</b>				
	<ul style="list-style-type: none"><li>Ensure that proper internal controls are implemented by the Vital Statistics Registrar to adequately record, track, and secure blank certificates in compliance with State requirements</li></ul>	6	Accept	Sam Torres, Program Manager for Vital Statistics	August 18, 2006
	<ul style="list-style-type: none"><li>Develop and communicate uniform procedures to ensure that all City assets are properly secured, including prescribed medications, sensitive medical supplies, and prescription pads</li></ul>	6	Accept	Dr. Bryan Alsip, Chief of Medical Services	January 1, 2007
<b>Action plan:</b> Respective supervisors are required to collect all vital record forms on a daily basis. The forms will be kept secured in a safe. As the attendants require forms throughout the day, the supervisor or Program Manager will issue stock. Distribution of all forms is maintained on a log sheet to account for all vital records stock. In addition, vital records forms that are sold or voided are reported via the Vital Point of Sale (VPOS) auditing report feature. The auditing reports are reconciled against record form stock to detect a break in numerical sequence. The Sr. Customer Service Representative reviews the report and investigates outstanding record stock. Discrepancies in vital records stock will be immediately reported to the Office of the Director.					

SAMHD clinical staff has access to a multitude of City assets to conduct their daily responsibilities at the clinics. Those assets include medications, medical supplies, and prescription pads. SAMHD's clinical operations are monitored annually by our grantor, the Texas Department of State Health Services, to ensure that we meet all of the standards as indicated in the grant requirements. Access to those assets is limited to clinic staff and will be kept secured in locked drawers when reasonable. By November 15, 2006 SAMHD will develop a checklist of methods to more strictly enforce added safety measures to minimize loss, fraud, and abuse.

**2. The internal control environment needs improvement**

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| • Ensure that all Managers of cash handling sites are trained on maintaining a proper control environment over cash handling; specifically, all cash handlers and their Managers should attend ethics training | 7 | Accept | Dr. Fernando A. Guerra,<br>SAMHD<br>Director | December 1, 2006 |
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| • Ensure that proper segregation of duties is incorporated throughout essential processes, as well as an appropriate system of quality control | 7 | Partially Accept | Dr. Fernando A. Guerra,<br>SAMHD<br>Director | December 1, 2006 |
|------------------------------------------------------------------------------------------------------------------------------------------------|---|------------------|----------------------------------------------|------------------|

**Action plan:**

In some cases a shortage of staff necessitates limiting cash handling duties to one person at a time. We are in the process of reviewing our deployment of staff and will allow, where reasonably possible, for a succession plan in the event that assigned personnel are not available to perform their duties. In addition, when possible Fiscal Operations staff will visit clinic sites to prepare daily deposits when other accommodations cannot be made. A departmental cash handling policy and procedure will be developed to address the disposition of unique circumstances. This policy should be completed by October 1, 2006

As of September 8, 2006, all assigned cash handling staff had attended the mandatory ethics class.

**3. General cash handling procedures are inadequate**

Ensure that all revenue collection sites have proper cash handling internal controls in place to:

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| • Process and deposit all cash collections on a daily basis                                                                               | 10 | Accept | SAMHD Clinic Supervisors                         | October 1, 2006   |
| • Utilize proper chain of custody while handling their funds                                                                              | 10 | Accept | SAMHD Cash Handlers                              | October 1, 2006   |
| • Restrict access to cash collections, petty cash, and change funds                                                                       | 10 | Accept | SAMHD Cash Handlers                              | October 1, 2006   |
| • Reconcile the petty cash and change fund balances with the ERM/SAP System records                                                       | 10 | Accept | Virginia Cobarrubias,<br>Fiscal Planning Manager | September 1, 2006 |
| • Restrict voiding transactions to require supervisory approval                                                                           | 10 | Accept | SAMHD Clinic Supervisors                         | October 1, 2006   |
| • Utilize and track prenumbered receipts for all transactions                                                                             | 10 | Accept | Virginia Cobarrubias,<br>Fiscal Planning Manager | January 1, 2007   |
| • Consider revising City Administrative Directives to better address City-wide unique activities in the interest of good customer service | 10 | Accept |                                                  |                   |

**Action plan:**

The Fiscal Operations Division will implement stricter controls by routinely monitoring and comparing clinic information such as client "sign-up" sheets/receipts to daily deposits. In addition, Fiscal Operations staff will distribute weekly reports to division managers about outstanding deposits. Fiscal Operations staff will also conduct additional training and develop forms to assist clinic staff with cash handling activities to include: restricting access to petty cash (by removing the cash funds in areas where they are no longer needed, limiting access to one person per fund, training custodians on the proper use of funds, and conducting routine audits of funds).

Beginning January 1, 2007, Fiscal Operations staff will assume all responsibility for ordering, issuing, and tracking all receipts used by SAMHD clinic staff. Control logs will be used to track the receipts. Receipts will be kept in a safe place to limit access and increase accountability.

In order to control the sharing of cash funds, SAMHD will issue pre-numbered bank bags for the cash handler to use while he/she must be away from his/her till. These bags will be stored in a safe until the cash handler takes receipt of his/her bag.

The SAMHD will work with the Finance Department to address the unique activities at Vital Statistics.

**4 Physical security is inadequate to safeguard cash handlers and their funds**

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| • Ensure that all cash handling sites are set up with the proper physical security structure to safeguard cashiers and their funds | 12 | Partially Accept |           | April 2007   |
| • Ensure that the CHAT's Video Monitoring and Recording Protocols are finalized and communicated to appropriate City Staff         | 12 | Partially Accept | City-Wide | January 2007 |
| • Consider decentralizing cash handling monitoring to allow this function to be performed by appropriate on-site Staff             | 12 | Partially Accept |           | January 2007 |

**Action plan:**

SAMHD believes that maintaining the security of both its employees and customers is paramount. However, it should be balanced with efforts to make visiting our sites pleasant and welcoming. We acknowledge that all of the SAMHD clinic sites are over 35 years old and present physical challenges to address some of the recommendations made by the Internal Audit Department. SAMHD has requested additional capital improvement funds to address some minor physical improvements at some of the clinic sites. We have convened a planning committee made up of representatives from SAMHD, Public Works, and Asset Management to explore the feasibility of, with the limited funds, making the physical design features to protect cash handlers and limit public access.

SAMHD adheres to the current requirements as set forth in the Video Monitoring and Recording Protocols. It is recognized that ideally the clinic supervisors would perform the video surveillance but staffing and equipment issues create challenges that make this impossible. While SAMHD will explore opportunities to decentralize this responsibility through the use of staffing, better equipment, and more cameras, the Fiscal Operations Division will continue to monitor and work with the respective supervisory clinic staff to address any concerns as viewed either on the video surveillance or as reported by other staff.

SAMHD appreciates the Interim City Auditor's comments on the District's cash handling and revenue controls. We are committed to addressing the recommendations in the audit report and the plan of action presented.

Sincerely,



Frances A. Gonzalez  
Assistant City Manager

Sincerely,



Fernando A. Guerra, M.D., M.P.H.  
Director, San Antonio Metropolitan Health District